

## Message Text

CONFIDENTIAL

PAGE 01 BONN 00163 061626Z

46

ACTION EB-07

INFO OCT-01 EUR-12 EA-06 NEA-09 IO-10 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-01 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAЕ-00 OMB-01 SAM-01 /112 W

----- 071172

R 061614Z JAN 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 7094

INFO AMEMBASSY LONDON

AMEMBASSY DUBLIN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY COPENHAGEN

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

CONFIDENTIAL BONN 00163

E.O. 11652: GDS

TAGS: ENRG, ETRD, EEC, IR, GW

SUBJECT: EC/IRAN PREFERENCE PROPOSAL

REF: BONN 19801; STATE 282186

1. IN OUR CONVERSATIONS WITH CONTACTS IN BOTH THE  
FOREIGN AND ECONOMIC MINISTRIES OVER THE PAST SEVERAL  
WEEKS, WE HAVE DETECTED A GROWING SYMPATHY WITHIN THE  
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PAGE 02 BONN 00163 061626Z

GERMAN BUREAUCRACY TOWARD THE IDEA OF AN EC

PREFERENTIAL ARRANGEMENT WITH IRAN. IN FACT ONE SOURCE  
EXPRESSED THE VIEW THAT IT WAS ONLY A MATTER OF TIME  
BEFORE SUCH AN ARRANGEMENT WAS AGREED TO. THIS  
SYMPATHY IS PRIMARILY A REFLECTION OF THE IMPORTANCE  
OF IRAN IN GERMANY'S POLITICAL RELATIONS WITH THE  
MIDDLE EAST AS WELL AS ITS SIGNIFICANCE AS AN ENERGY  
SUPPLIER. IT ALSO REFLECTS AN ACKNOWLEDGMENT OF THE  
VALIDITY OF THE IRANIANS' ARGUMENT THAT THEY SHOULD  
RECEIVE NO LESS FAVORABLE TREATMENT THAN ALGERIA.

2. AS YET THIS SENTIMENT HAS NOT REFLECTED ITSELF IN  
ANY FUNDAMENTAL CHANGE IN THE GERMAN POSITION OF  
OPPOSITION TO EC PREFERENCES FOR IRAN. IT DOES  
REPRESENT AN EROSION OF THE GERMAN OPPOSITION ON  
SUBSTANTIVE GROUNDS, HOWEVER, AND IT MEANS THAT GERMAN  
RESISTANCE TO PROPOSALS FOR SUCH A PREFERENTIAL  
ARRANGEMENT WILL BE BASED ALMOST ENTIRELY ON THE WELL-  
KNOWN US OPPOSITION TO EXPANSION OF EC PREFERENCES  
RATHER THAN ON THE FRG'S PERCEPTION OF THE MERITS OF  
THE PROPOSALS. COUNTERPOISED AGAINST THE US POSITION  
ARE THE NEW FRENCH POSITION AND THE PROBABLE INCREASE  
IN IRANIAN PRESSURE.

3. THE PROBLEM SURROUNDING THE GRANTING OF DUTY-FREE  
TREATMENT FOR THE PRODUCTS OF THE PROPOSED GERMAN-  
IRANIAN 25 MILLION TON PETROLEUM REFINERY PROVIDE AN  
ADDED IMPETUS FOR THE FRG TO TURN TO OTHER SOLUTIONS  
INCLUDING A GENERAL EC/IRAN PREFERENTIAL ARRANGEMENT.  
THE FRG IS BECOMING INCREASINGLY FRUSTRATED BY LACK  
OF RESPONSE IN THE EC TO ITS PROPOSALS AND BOTH THE  
IRANIANS (INCLUDING ECONOMIC AND FINANCE MINISTER ANSARY  
DURING HIS RECENT VISIT) AND THE GERMAN COMPANIES ARE  
PLACING HEAVY PRESSURE ON THE GOVERNMENT TO FIND A  
RAPID SOLUTION. IN SPITE OF THE OTHER DIFFICULTIES IN  
THE REFINERY NEGOTIATIONS, THE FRG STILL ATTACHES  
GREAT IMPORTANCE TO IT. ECONOMICS MINISTRY STATE  
SECRETARY ROHWEDDER ARGUED AT THE DECEMBER 17 EC ENERGY  
COUNCIL MEETING THAT THE OIL PRODUCING COUNTRIES WOULD  
USE THIS PROJECT AS A MEASURE OF THE EC COUNTRIES'  
WILLINGNESS TO COOPERATE AT THE START OF THE CONSUMER/  
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PAGE 03 BONN 00163 061626Z

PRODUCER DIALOGUE.

4. ALL OF THESE FACTORS COMBINE TO MAKE THE PROPOSAL  
OF AN EC PREFERENTIAL ARRANGEMENT FOR IRAN INCREASINGLY  
ATTRACTIVE TO THE FRG. WE WOULD THEREFORE NOT EXPECT  
THAT THE FRG WOULD BE IN THE FOREFRONT OF ANY  
OPPOSITION TO A FRENCH INITIATIVE WITHIN THE EC FOR  
SUCH AN ARRANGEMENT. THE GERMANS WOULD CERTAINLY NOT

WANT TO BE IN THE POSITION OF TAKING THE BLAME IN THE  
IRANIANS' EYES FOR BLOCKING THE FRENCH INITIATIVE.

5. GIVEN THE EVOLUTION IN GERMAN THINKING ON  
EC PREFERENCES FOR IRAN, THE US MAY WELL BE REQUIRED  
TO EXERT INCREASING PRESSURE ON THE FRG JUST TO KEEP  
ITS POLICY AT THE PRESENT POSITION. THE EMBASSY WILL  
TAKE EVERY OPPORTUNITY TO IMPRESS UPON GERMAN OFFICIALS  
AT ALL LEVELS THE SERIOUSNESS OF US OBJECTIONS TO AN  
EXPANSION OF EC PREFERENCES IN GENERAL AND TO IRAN  
IN PARTICULAR.

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## Message Attributes

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